

Monday 16 April 2018

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document.

Markets

SFE 200 Futures (9.30am AEDST)	5810	-6	-0.1
NZX 50	8412	-2	-0.0
DJIA Futures	24499	163	0.7
S&P 500 Futures	2674	17	0.6
NASDAQ Futures	6689	48	0.7

Local Markets Commentary

The Australian market opens a new week's trade following air strikes by the US, France and the UK against targets in Syria post-US trade Friday.

This elicited sharp talk and further threats from Russia and strong accusations from Iran.

Earlier, US equities markets had traded lower.

In mixed overnight Friday commodities trade, US **gold** futures and **oil** ultimately gained.

Iron ore (China port, 62% Fe) turned higher.

LME **copper** settled slightly higher. **Nickel** rallied. **Aluminium** swung lower.

The **\$A** fell to ~US77.65c after trading above US78.0c early Friday evening.

Local today, a weekly capital city residential property price report is due pre-trade.

The Australian Bureau of Statistics (ABS) publishes February lending finance 11.30am AEST.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24360	-123	-0.5
S&P 500	2656	-8	-0.3
NASDAQ	7107	-34	-0.5
FTSE 100	7265	6	0.1
DAX 30	12442	27	0.2
Shanghai Comp	3159	-21	-0.7

Overseas Markets Commentary

Geopolitical tensions, subsequent cautionary positioning ahead of the weekend, earnings reports from major stocks and some sobering data appeared the major influences on major European and US equities trade overnight Friday.

In the US, the University of Michigan's initial April consumer sentiment reading fell to 97.8, the accompanying report citing fears of US administrative policy impacts on the nation's economic prospects.

Tonight in the US, March retail sales, final February business inventories, a homebuilders' sentiment index and a New York business activity index are due.

In overnight Friday corporate news, **JP Morgan Chase** reported a 35% higher, \$US8.7B record quarterly profit but was pushed more than 2.5% lower.

Citigroup also each exceeded quarterly results expectations but declined 1.5%.

Wells Fargo likewise bettered profit expectations, but dropped more than 3% after revealing it faced

* Minerals exploration listing **11am** AEST - **MAK** *

* Minerals exploration listing **midday** AEST - **TAO** *

Today's Stock Watch

Sirtex Medical (SRX)

A clinical study during which SRX's SIR-Spheres were added to the treatment regime of patient being treated with sorafenib indicated the supplementary SIR-Spheres treatment resulted in no significant improvement.

The study results were presented at the European Association for the Study of the Liver, The International Liver Congress in Paris on Saturday.

Transurban Ltd (TCL)

Mean daily traffic grew 2.7% during the March quarter.

In the US, average dynamic toll prices rose a respective 12.8% and 0.8% for the 95 Express Lands and 495 Express Lanes.

Resources

Rio Tinto (RIO)

RIO has confirmed it is reviewing contracts involving Russia's Rusal, following the US-imposed sanctions against Rusal earlier this month.

Rusal and RIO own the Queensland alumina refinery 20:80.

RIO also supplies bauxite to a Rusal refinery in Ireland.

RIO's European smelters also hold alumina offtake contracts with Rusal.

Haxer Group (HZR) / Mineral Resources (MIN)

HZR's pre-pilot synthetic graphite and hydrogen plant has achieved continuous operation. Under a commercialisation agreement with MIN, the facility will be relocated to Peth.

Lynas Corporation (LYC)

March quarter rare earths invoiced sales revenue totalled \$A85.9M, and receipts \$A79.7M, against a respective \$93.0M and \$116M for the December quarter 2017.

The average selling price came in at \$A19.6/kg against \$A20.7/kg.

\$US185.2M debt, from \$US256.5M as at 31 December 2017.

Mako Gold (* MAK, MAKO)

Explorer scheduled to list **11am** AEST following a \$6M IPO a 20c per share.

36.525M shares; ~15.0M three-year options.

Tao Commodities (* TAO)

Minerals explorer scheduled to list **midday** AEST following a \$4.75M IPO at 20c per share.

23.75M shares.

Energy

Senex Energy (SXY) / Beach Energy (BPT)

BPT and SXY will transfer up to \$43M worth of JV free-carry commitment to the SXY-operated Copper Basin western flank oil assets.

Origin Energy (ORG)

Macquarie has re-rated ORG as outperform, from neutral.

up to \$US1B worth of additional penalties due to investigations into matters including mortgage fees and car insurance.

Post-US trade, the US president effected an executive order for a task force investigation into the finances and operational practice of the **US Postal Service**.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1348	oz	6	0.5
Silver (NY) (May)	16.7	oz	0.2	1.1
Gold (LON)	1351	oz		
Platinum	929	oz	2	0.2
WTI Crude (May)	67.4	bbl	0.3	0.5
Brent Crude (Jun)	72.6	bbl	0.6	0.8
Iron Ore (CHN port 62%)	65.0	t	0.5	0.8
Copper	6830	t	9	0.1
Nickel	13940	t	225	1.6
Aluminium	2285	t	-40	-1.7
Lead	2303	t	-30	-1.3
Zinc	3117	t	23	0.7
Tin	21050	t	150	0.7
CBT Wheat (May)	4.73	bshl	-0.08	-1.8

Commodities Commentary

Oil – the International Energy Agency indicated in a monthly report that it looked like the OPEC-led production curb agreement had helped pare back the global oil glut.

In addition, China's March crude imports, reported Friday, represented the second highest recorded.

Further, overnight Friday, Goldman Sachs promoted commodities ownership, in part due to the near-term possibility of Middle East oil supply disruption.

Brent crude headed lower early, but was ultimately pushed higher as long positions were secured ahead of the weekend and potential US-led military action in Syria.

WTI rose 8% for the week.

A weekly US petroleum drill rig count, published overnight Friday, revealed seven additional oil rigs were in operation.

Gold – prices achieved a second consecutive weekly gain overnight Friday.

Pending further Western-led military action in Syria, or retaliatory threats and action, gold could be propelled higher despite key data and events scheduled for this week.

Analysts also expect the \$US to weaken on any further concerning US economic indicators, following budget figures and projections released last week.

Base metals – pushed and pulled overnight Friday by economic data, inventories and speculation regarding the impacts of sanctions against Russia and (then) proposed Western military action against Syrian targets.

China's March trade figures, reported Friday, surprised with a resulting \$US4.98B deficit, against a \$US33.7B surplus reported at the end of February. Overall exports fell 2.7% year-on-year.

Further key reports are expected tomorrow out of China, including March quarter GDP growth, and March industrial production, retail sales and fixed asset investment.

Pre-Open Announcements

Avita Medical (* AVH)

A 30-patient clinical trial involving AVH' RECELL skin cell harvesting device has demonstrated satisfactory healing and scar results, and hence patient satisfaction, can be achieved using statistically significantly less donor skin. Details lodged this morning.

Perpetual Ltd (PPT)

FUM slipped \$2.6B during the March quarter to \$30.2B, half the fall due to market depreciation.

InvoCare Ltd (IVC)

Non-executive director Joycelyn Morton will not seek re-election at the 18 May IVC AGM.

Resources

Perseus Mining (* PRU)

Produced 64,027oz of gold during the March quarter, 32% more than a year earlier and 13% more than for the December quarter 2017.

\$US1283/oz realised for gold sales totalling 59,182oz, against an \$US1104/oz AISC.

Holding \$A59.5M cash and bullion.

OM Holdings (* OMH)

The Northern Territory Bootu Creek mineral resource fell a net 6.3Mt to 9.95Mt @ 22.4% Mn as at 31 December 2017. Reserves totalled 7.32Mt @ 20.7% Mn.

Poseidon Nickel (POS)

Medusa lithium project RC drilling results lodged post-trade Friday.

POS trade remains suspended.

State One Analyst Comment



VONEX LIMITED (ASX:VN8)

Having just witnessed a range of presentations to many institutional investors and high net worth investors in major centres, I find myself even more enticed by the potential of this company.

I am confident that VONEX will rapidly develop a significant "traditional" telco business based on its existing operation. This is the core of my enthusiasm, on the basis that it will not succumb to the temptation to get too enamoured by the potential of the Oper8or social media platform.

The presentations given by VONEX's CEO Matt Fahey in both Sydney and Melbourne were very well received. Mr Fahey's vast experience (following from + 17 years of involvement in the TELCO industry) was most evident in the calm way he handled all queries put over a wide range of TELCO subjects. Likewise, the VONEX prospectus itself was well received.

In so far as my commitment to VONEX, you should know that, subject to financial constraints, I am investing personally and State One intends taking at least 50% of the fee entitlement from the venture in the form of shares, as opposed to cash.

If you wish to participate in VONEX IPO, this is your opportunity

**Exchange Rates**

CURRENCIES	LAST	+/-	%
AUD – USD	0.7770	-0.0003	-0.03
EUR – USD	1.2331	-0.0003	-0.02

Australian Data Today

CLgc	Captl city rsdntl prop prices	13Apr
ABS	Lending finance	Feb

US Data Tonight

New York (Empire State) manufacturing	Apr
Retail sales	Mar
Business inventories	Feb
NAHB housing market index	Apr

Need More Information?

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State One is the Lead Broker to the VONEX IPO

State One executive chairman Alan Hill

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	LYC	Mar Q
	PRU	Mar Q
	TCL	Mar
Tomorrow	BOQ	Interim
	SAR	Mar Q
	WHC	Mar Q
Wed	AZJ	Mar Q
	RIO	Mar Q
Thu	API	Interim
	BHP	Mar Q
	CGF	Mar Q
	ILU	Mar Q
	STO	Mar Q
	S32	Mar Q
	WPL	AGM

Trading Halts

Company	Code	Resuming
Caeneus Minerals	CAD	16 Apr
Celsius Resources	CLA	16 Apr
Core Exploration	CXO	16 Apr
Samson Oil & Gas	SSN	16 Apr
TopBetta Holdings	TBH	16 Apr
Tungsten Mining	TGN	16 Apr
Alt Resources	ARS	17 Apr
Astro Resources	ARO	17 Apr
Mount Ridley Mines	MRD	17 Apr
Rision Ltd	RNL	17 Apr
Skin Elements	SKN	17 Apr
Titan Minerals	TTM	17 Apr

Suspensions *(selected)*

Company	Code	Since
BPH Energy	BPH	13 Apr
Chapmans Ltd	CHP	26 Mar
eSense-Lab Ltd	ESE	23 Mar
JV Global	JVG	21 Mar
Poseidon Nickel	POS	22 Mar
Resources & Energy Group	REZ	12 Apr
Syntonic Ltd	SYT	6 Apr
Tikforce Ltd	TKF	21 Mar
Wangle Technologies	WGL	13 Apr
Wattle Health Australia	WHA	6 Apr

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Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
NHC	Today	6	100	5.74
PL8	Today	0.5	100	3.18
TPM	Today	2	100	0.73
GZL	Tomorrow	8	100	6.53
NZM	Tomorrow	5.6	0	10.44
SOL	Wed	23	100	2.96
1AL	Thu	2	0	5.64
RIC	23 Apr	1.5	100	3.27
EGI	23 Apr	2.5	100	2.73